密勒氏評論報

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Formerly Millard's Review

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THE FOREIGN LAWYERS AND THE MIXED COURT QUESTION

THE premature publication of the Articles of Rendition of the Shanghai Mixed Court has given rise to an unfortunate press controversy between the foreign lawyers at Shanghai and a certain element among the local Chinese, which, while it can have no effect upon the final outcome of the negotiations being conducted between a committee of the Consular Body and representatives of the Chinese local government, namely, the Provincial Government at Nanking, has resulted in no small amount of groundless apprehension among the foreign population and an equal amount of hard feelings on the Chinese side, when, as a matter of plain, unvarnished fact, neither side has the slightest cause for anything but self-congratulation over the happy outcome of the discussion. The instrument of rendition as finally drawn up will probably differ in some slight detail from that which was published on July 14, but it is safe to say that in general the text as it has been discussed in the press in substantially correct. It provides for a Shanghai Provisional Court, to be established by the Kiangsu Provincial Government in the place of the International Mixed Court, to deal with all civil and criminal cases arising within the Settlement, *"with the exception of cases which in accordance with treaties involve the right of consular jurisdiction,"* thus definitely restoring to the Chinese authorities the jurisdiction over their nationals assumed by the Consular Body in 1911 during the emergency occasioned by the fall of the Manchu Government, while in no way infringing upon the treaty rights of foreigners, and removes the greatest obstacle to a local Sino-foreign rapprochment.

THE problem of rendition had to be approached from different points, the first and most important of these being the indisputable right of the Chinese to authority over their own nationals in civil cases and in criminal cases not affecting the law and order of the Settlement; the second, and to foreigners of vital importance, the inviolability of their extra-territorial rights. The third angle from which the subject had to be considered was the absolutely unique situation arising from the fact of thousands of foreigners living and earning their daily bread in such close contact with the Chinese as to necessitate recognition of their interdependence and provision for the elimination of friction between the various authorities concerned with the maintenance of law and order in this cosmopolitan community. To reprint the text of the preliminary articles of rendition is not necessary in the light of the publicity which they have already received. There are, however, a few points which

require discussion due to the apparent willingness of at least a part of the reading public, Chinese and foreign alike, to pass from casual reading to snap judgement due to propaganda campaigns which have confused personal interists with international policies and programs designed to improve the relations of nations.

THE rendition is provided for in accordance with the expressed desires of the Chinese authorities. The court will function as a Provisional Court for a period of three or six years, depending upon the desire and ability of the Peking Government to effect a general settlement of the whole question with the Foreign Ministers concerned. Under the terms as published, Chinese law will be applied in all cases brought before the Court which will be composed of Chinese Judges, appointed by the Provincial Government at Nanking, the question of procedure being left for later discussion after the adoption of the proposed terms of rendition by the present negotiators, subject to the approval of the Legations and Central Government at Peking. It is here that the foreign legal fraternity at Shanghai finds its excuse for opening an attack upon the entire matter of rendition, knowing that under the Chinese Law no provision is made for the appearance of foreign attorneys in court and furthermore, having an excellent idea of the resistance which will be offered by Chinese legal practitioners to any attempt to open the new court to them. That their activities in Chinese cases will be severely circumscribed there is no doubt. That this loss of a lucratice practical will work individual hardship cannot be denied. But there can be found no excuse and little of commendation among the foreign population of Shanghai for their acts during the past two weeks of publicly discussing individual clauses in the published agreement, utterly ignoring their relation to other modifying articles in a frantic endeavor to distort an equitable settlement of a trying question into an abject surrender of foreign rights in China.

MUCH space has been devoted to the alleged surrender of Consular jurisdiction over foreign residents enjoying extra-territorial privileges. The clause in the agreement which has been picked upon to arouse foreign indignation is Article IV, which reads as follows:

> "All summonses, warrants and orders of the court shall be valid after they have been signed by a Judge. All such summonses, warrants and orders shall be numbered for record by the Registry before service. When the summons, warrant or order is to be executed on the premises occupied by a foreigner having extra-territorial rights, the Consul concerned shall on presentation affix his counter-signature without delay."

Now let us see what the Treaty of Tientsin, June 18, 1858, between the United States and China has to say on the subject of the execution of summonses and warrants. Article XVIII of that document contains the following:

> "And if criminals, subjects of China take refuge in the houses of citizens of the United States, they shall not be harboured or concealed, but shall be delivered up to justice on due requisition by the Chinese local officers, addressed to those of the United States."

Furthermore, the Treaty of 1880, elaborating extra-territoriality, provides that in the event of disputes arising between Chinese and Americans, the case shall be tried before the proper official of the nationality of the defendant, in either case the plaintiff having the right of representation in court by one of his own officials deputed to watch the proceedings, this official to have the right of protest in the event of dissatisfaction. There is nothing in the proposed article contrary to existing practice in Shanghai. *Abrogation of treaty rights is neither expressed nor implied.* Municipal Police are now forbidden to enter foreign premises without a warrant countersigned by the Consular authority involved, save in cases of extreme emergency. The proposed regulations differ in no way, save perhaps in that immediate counter-signature is made obligatory upon the Consular officer, this for reasons which require no discussion among residents of Shanghai who are familiar with certain alleged gambling house, opium, and arms scandals of recent years. A warrant may not be passed for counter-signature until it has been recorded, thereby safeguarding against "Star Chamber" proceedings. It is true that to the average foreigner, whether rightly or not, the idea of having his premises invaded by the usual type of Chinese policeman is repugnant. The negotiators have taken account of this sentiment in providing in Article VII, Section 4, that the Judicial Police of the Provisional Court shall be detailed to that duty from the Shanghai Municipal police, thereby providing against the former abuse of authority by Chinese yamen runners and for the preservation of foreign prestige.

IT is difficult to find fault with either the phrasing or meaning of this article which the foreign lawyers have made their chief point of attack. In the *Shanghai Sunday Times*, of July 18, an obviously inspired article contained the following comment:

> "This clause goes even further than the right to issue search warrants, for it says, All summonses, warrants and orders of the Court shall be valid when signed by a Judge. It is to be noted that there is no limitation regarding summonses, warrants or orders issued against persons having extra-territorial rights. All summonses, warrants and orders of the Court are valid when issued by a Judge, and this can mean nothing else but that any and all summonses, any and all warrants, and any and all orders of the Court shall be valid when signed by a Judge. A Judge might issue a summons or warrant against a foreigner having extraterritorial rights, and the Consular Body agrees that the Consul concerned shall on presentation of such summons or warrant affix his signature without delay. A Judge might sign an order commanding a foreigner having extra-territorial rights to appear before the Court and answer any charge. A Judge might arbitrarily order a foreigner having extra-territorial rights to be detained until he carried out the order of the Court. If this is not a violation of extra-territorial rights nothing would be."

The first article of the agreement clearly defines the authority of the court. It states that "With the exception of cases which in accordance with treaties involve the right of consular jurisdiction, all civil and criminal cases in the Settlement shall be dealt with by the said Provisional Court." Nothing could be plainer. The fact of cases against British or American citizens being entirely outside the jurisdiction of the court as laid down by treaty and reiterated in the preamble to this agreement automatically relieves them from liability to summons before it as effectively now as it has ever done since the treaties were signed. The extraterritorial foreigner has nothing to fear from the operation of this agreement. It will affect non-treaty foreigners by removing them from the more or less indefinite guardianship of foreign assessors but as their own governments signed the conventions which relinquished their rights to trial by their Consuls they can have no claim for sympathy upon the subjects of better advised powers.

THE Provisional Court embodies numerous features which are a distinct improvement upon the present institution. In the first place, being a Provincial Court, its judgements will be executed

wherever those of the Kiangsu courts can be enforced. This will be a radical change for the better from the present state of affairs where it is almost impossible to get execution of a Mixed Court judgement or service of a summons as close to its own chambers as Chapei. A Court of Appeals is provided for in cases involving Chinese alone, and in cases involving foreigners and Chinese there is an appeal to the Commissioner for Foreign Affairs and the Consul involved. The integrity of the court's financial administration is guaranteed by the appointment of the Registrar by the Senior Consul; its police functions will be performed by foreign police. It does justice to the Chinese. It preserves to the foreigners their treaty rights intact. To the Consular and Chinese officials responsible for this diplomatic accomplishment are due the thanks of the entire community and save by the inevitable die-hards, and certain members of the legal profession, they are being freely expressed.

WE DO NOT believe that the foreign legal practitioner who has developed a legitimate business here has anything to fear from the contemplated change in the status of the International Mixed Court. As a matter of fact there are foreign lawyers still practicing in Japan even though extraterritoriality (the abolition of which is not in contemplation in connection with the Mixed Court controversy) has not been in existence in that country for more than a quarter of a century. But even though the private interests of certain foreign attorneys are adversely affected, these men who have enjoyed a lucrative practice in the past, should not permit personal interests to obstruct the solution of an international problem upon which hinges the friendly relations of foreigners and Chinese generally. It is of course impossible to forecast what may happen after the new court has been established, but according to the last municipal report, of 343 foreigners charged in the Mixed Court last year only three were Americans and two British. The number of Russians charged was 285 and Germans, 12, both of which nationals have voluntarily surrendered the extraterritorial rights. The number of civil cases before the Mixed Court last year also provides interesting grounds for speculation. Out of a total number of 730 cases filed, the Americans were responsible for 123, of which number 35 judgments were given and 26 cases discontinued. The figures for the British were 119 cases filed, with 40 judgments and 22 discontinued. Most of these cases, we assume, had to do with defaulted contracts wherein Chinese dealers refused to accept goods ordered or similar matters. At the present time a Mixed Court judgment is no assurance that the foreigner will be able to collect his money. It all depends, if the defendant resides outside of the Settlement, upon the actions of the Chinese officials. Certainly there can be no change for the worse under the new Court and the possibilities are that conditions in this regard may be vastly improved because the Chinese will be on their honor to carry out the mandates of their own court. At the present Chinese officials feel little responsibility for the mandates of the Mixed Court and generally ignore it where possible. Thus, in view of the fact that the contemplated rendition of the Mixed Court, has no affect whatever upon foreigners possessing extraterritorial rights under the treaties, we can see no grounds for legitimate apprenension on the part of foreign commercial interests generally. It would be extremely regrettable if, as a result of the present agitation against rendition of the Court and the spread of mis-information and use of obstructionist tactics based purely upon personal grounds, that there should be a renewal of the disturbed conditions existing here a year ago.

DID A SECRET FRANCO-JAPANESE TREATY WRECK THE TARIFF CONFERENCE?

THAT the recent practical breakdown of the Chinese Tariff Conference resulting in the defeat of policies of the American, British and Chinese Governments designed to increase the Chinese customs duties, was the result of a secret understanding between France and Japan, constitutes the interesting conclusions to be drawn from a series of articles by Mr. William Howard Gardiner now appearing in the *North American Review*. Mr. Gardiner, who is an authoritative writer on naval affairs and international politics, alleges that the representatives of the Japanese and French Governments entered into a secret alliance at the Washington Conference for the purpose of nullifying the essential elements in the various treaties and commitments entered into at that meeting and calls attention to the fact that he contributed an article to the *New York Times* on April 1, 1925 which contained the following statement:

> "There is nothing surprising in the fact that France is witholding her ratification of the Nine-Power Treaty in an effort to obtain from China especial preferential treatment in another matter in no way related to the Conference. But the further fact that these would-be exactions of France from China are entirely beyond the latter's capacity adds further interest to the growing Franco-Japanese entente. For while the Japanese Empire is on record as having promptly ratified the Nine-Power Treaty, the trend of events in China would make it equally patent that the Japanese may find it very convenient to point to the fact that, in spite of their having ratified it, nevertheless the Nine-Power Treaty is as invalid as a check that lacks one of several signatures required."

MR. GARDINER who is writing on the general subject of armament reduction, gives it as his opinion that the Nine-Power Treaty guaranteeing the Chinese Open Door was the basic accomplishment of the Washington Conference, since this treaty gave whatever real warrent there was for the consequent Naval Treaty and that these two treaties and the Four-Power Treaty which superseded the Anglo-Japanese Alliance, together constituted what really was *one transaction*. It was convenient, according to Mr. Gardiner, for the Conference to treat Pacific, Far Eastern and naval elements in three separate, but substantially interrelated instruments. The Washington Conference closed on February 6, 1922, but it was not until August, 1923 that France ratified the Four-Power Treaty and the Naval Treaty. All the other Powers participating in the Washington Conference promptly ratified all of the treaties which their delegates had signed. However, France, while ratifying the Four-Power and Naval Treaties, witheld ratification of the Nine-Power Treaty guaranteeing the Open Door and the territorial and administrative integrity of the Chinese Republic. The result of this was, to quote Mr. Gardiner.

> "Thus we were put under obligation to consult the British, French and Japanese in the event of trouble with any of them, or with others, over our insular possessions in the Pacific, and the ability of our navy to uphold our policies in

Eastern Asia was seriously curtailed. Yet as France still witheld her ratification from the Nine-Power Treaty, it remained without validity-and we were left without any treaty support of our Open Door Doctrine."

WITH these allegations of Mr. Gardiner in mind, it is interesting to review what took place at the Washington Conference and in the four years which have psssed since that gathering in respect to what has actually occurred in connection with the negotiations to revise the Chinese tariff. On Page 64 of Willoughby's "China at the Conference," (Johns Hopkins Press) the complete statement of the Japanese delegate, Mr. Odagiri, in opposition to an increase of China's customs duties, appears. In this statement which was presented officially as the opinion of the Japanese delegation, Mr. Odagiri explained that since Japanese trade with China covers more than 30 percent of China's foreign trade and represents the same percentage of Japan's overseas trade, the country which would suffer most by the revised tariff would be Japan. Since most of Japan's trade with China consists of articles sold to the masses of the people and these goods represent the production of a large number of comparatively small Japanese manufacturers, "therefore, this sudden and big increase of tariff (2½ percent on general products and 5 percent on luxuries) . . . . . would mean a serious effect upon the industry of Japan." In accordance with this statement by Mr. Odagiri, Japan opposed very strenuously the granting of any increase in the Chinese tariff rates, but largely on account of declarations by both Mr. Balfour of the British delegation and Senator Underwood of the American delegation that China had a right to denounce or abrogate the whole tariff treaty if she so wished, Japan finally agreed to the moderate increase of 2½ percent on general products and 5 percent on luxuries. The Treaty was actually signed on February 6, 1922.

ACCORDING to the terms of this Treaty, "immediate steps" were to be taken to call a Special Conference in Peking for the purpose of bringing the Treaty into effect. But the Special Conference could not be called because one of the Powers, France, had delayed ratification of the Treaty. France based her reason for delaying ratification of the Treaty on the score of China's insistence upon paying the balance of the French share of the Boxer Indemnity in "paper" francs. China insisted that she had a right under the terms of the Boxer protocol to pay the balance of the French share of the indemnity in "paper" francs based upon the "rate of the day." France refused to accept this viewpoint and insisted that payment must be made in "gold" francs, otherwise the rate that prevailed prior to the World War before French currency began to depreciate. This question of course had nothing to do with the Chinese tariff treaty negotiated at the Washington Conference, but France used her right of ratification of the Washington Treaty as a club to force China to agree to her contention in respect to the so-called "Gold Franc Case." And France was successful, not only in forcing China to agree to the French point of view in respect to payment of the Boxer Indemnity, but also in delaying the calling of the Special Conference to revise China's tariff until the summer of last year (1925) when, following a settlement of the Gold Franc Case, she ratified the China Tariff Treaty. Even then it required considerable pressure on the part of the United States Government, including a special trip to Paris by the then secretary of State of the United States, Mr. Charles E. Hughes, which trip was made late in 1924.

IMMEDIATELY after France ratified the treaty, thus making the document legal and binding upon the various signatory Powers, the United States called the Special Conference and Mr. Silas H. Strawn of Chicago was sent to China to serve with Mr. John Van A. MacMurray as American delegates. It is not necessary to review again the causes for the recent breakdown of the Special Conference which has been sitting in Peking for so many months. The subject was discussed in last week's issue of the *Review* under the heading, "Responsibility for the Tariff Muddle," and it was shown by quotations from the Japanese press that a considerable portion of the responsibility for the delay and practical breakdown of the Conference was due to Japan's actions. Instead of supporting the United States in its program for immediately putting the Washington Treaty into effect, the Japanese delegation immediately offered China the bait of autonomy which changed the whole course of the Conference. But when it came down to definite issues, China discovered that there was a string attached to Japan's offer of autonomy, or to put it in other words, Japan was willing to agree to tariff autonomy coming into effect on January 1, 1929, PROVIDED China would agree to the negotiation of a separate commercial treaty with Japan which would permit Japanese imports to come into China for a considerable number of years at rates lower than imports into China from other nations. The effect of this would have been to place Japan in economic control of the Chinese situation and ultimately would have made it extremely difficult for foreigners, other than Japanese to do business in China. In order that there may be no misunderstanding of Japan's intentions in connection with the Tariff, the proposed Sino-Japanese commercial treaty provided for articles of Japanese manufacture and genius to come into China for a period of ten years at tariff rates substantially the same as those now prevailing, otherwise, 5 per cent. If China had agreed to this, Japan then would agree to support China in her desires for tariff autonomy. Had this thing gone through, China would have had the right to charge high duties on American, British and European goods, but not the right to charge equally high rates on Japanese goods. Thus the American, British and other foreign manufacturers would soon have found themselves frozen out of the Chinese market unless they would be willing to place their agencies in the hands of the Japanese, in order to be able to enjoy the preferential treatment accorded to Japanese goods. It was a clever scheme, but entirely too "clever" for the Chinese to swallow, despite the fact that the Japanese Government in an attempt to put it over expended a considerable sum of money entertaining hundreds of Chinese merchants, manufacturers, bankers, journalists, and so on in Japan at Government expense in an attempt to cultivate "good will" among the Chinese people.

THUS do we have the story of the practical breakdown of the negotiations to revise China's tariff after about five years of effort. Japan did everything possible at the Washington Conference as the officially published proceedings show, to prevent China from increasing her tariff. Then for a period of four years following the Washington Conference, France delayed action by refusing to ratify the China treaties, basing her reasons for refusal upon the "Gold-Franc" question which had nothing whatever to do with the treaties negotiated at the

Washington Conference. Then after France had been forced to ratify the treaties due to pressure exerted by the United States and Great Britain, Japan took up the job of "ham-stringing" the conference by offering China tariff autonomy with a string attached. Whether this record constitutes proof of the charges by Mr. William Howard Gardiner as outlined in his series of articles in the *North American Review*, that Japan and France have been parties to a secret agreement to prevent the coming into force of the Washington Conference commitments, is difficult to say. No one outside of the French and Japanese foreign offices has ever seen a draft of the alleged agreement, so the public is simply left to examine the record and draw its own conclusions. In this connection the following article from the *Japan Advertiser* (American daily) published in Tokyo, is of considerable interest:

Washington, July 2.—Japan's "clever game to give China the impression that Japan is standing shoulder to shoulder with her in trying to wrest customs autonomy from the Western powers, but to give her nothing more than that," is commented on at length in an editorial published today in the New York *Herald-Tribune*.

The paper speaks of the way in which the Tariff Conference at Peking is being permitted to languish and fade gradually out of sight while there is no recognized Government in China with which the delegates can deal, and then takes up Japan's recent announcement that she will insist that the Conference be carried through to conclusion in spite of efforts of other powers to allow it to die a natural death.

"Japan's latest move in the Chinese muddle," the editorial says, "detracts nothing from her reputation for finesse in dealings with that elusive Asiatic Republic. She gravely erects a straw man and then proceeds to destroy it, as in cases in the past.

Struttings Are Comical

"These carefully circumscribed struttings of the Japanese diplomats have a comical aspect when considered detachedly, but it must be remembered that they are the stuff of which Oriental politics, national and international, are made.

"Japan, as it is well realized by those who know the situation, would like nothing better than to see all the conferences in China die a natural death without accomplishing anything beneficial to the Chinese. She would be most pleased to see the 5 per cent tariff continue in force indefinitely.

"During the many months after the Customs Conference met when there were accredited Chinese delegates with whom the Powers might have dealt conclusively, the chief responsibility for the many delays must be laid at Japan's door."

The paper goes on to state that it has no disposition to criticize Japan's attitude toward the Conference, as it realizes that the first duty of the Japanese negotiators was to make every effort to preserve the basis of her industry and to insure the continuance of her huge exports to China, which an increased duty would be certain to affect adversely.

Japan Fears Boycott

"But there is one thing that Japan fears more than China's obtaining tariff autonomy, as much as that would cost her," the editorial continues. "That is a boycott. The Japanese manufactures felt the recent boycott and they realize that the good will of the Chinese is more essential to them than the conventional low tariff.

"If they can have both, it will be the consummation of their most devout wishes.

"The heroic protestation of friendship for China, coupled with Japan's announced resolve to foil the plot of the perfidious Occidentals is so obviously a part of the game of politics as played in the Far East that it is easy to laugh them off. But it must not be forgotten that the implication of Occidental perversity and Japan's chivalrous counter tactics will be broadcast in dozens of Japanese-owned newspapers in China which will never print a word of the statements of Silas Strawn or other Western delegates.

"Thus the Japanese diplomatic Samurai slays the strawman while winning a shy glance from the fickle maiden of his affection."

ARE FOREIGNERS MORE HONEST THAN CHINESE?

A FEW weeks ago a foreigner wrote an article in the *Review* in which he referred to the embezzlement of a considerable sum of money by an official of one of the Chinese courts at Shanghai. The case was a rather serious one because the whole court was compelled on account of the embezzlement and certain political complications to close up shop. The case has been cited frequently in arguments against the rendition of the Mixed Court to Chinese control. But all of the propaganda is spoiled now, because the clerk of one of the leading foreign courts, has been charged with embezzlement. The man likewise got away and it is extremely questionable whether he can be brought back to Shanghai to face trial. The court in question will not, of course, have to close up shop, because it has a strong government behind it, but the case provides subject for interesting speculation on the relative honesty of Chinese and foreigners. There used to be a professor of ethics in one of the leading American universities who would ask members of his class what they would do if they found a purse containing a considerable sum of money. Everyone insisted that an immediate attempt would be made to restore the purse to its owner. "But suppose," argued the professor, "that you were the sole support of a widowed mother and were without funds for food or needed medical services. What would you do with the money under such circumstances?" Well, the members of the class were not so positive as to their honesty under such circumstances. It's a common saying that every man has his price, and we suppose it is correct, whether the color of the man's skin is white or yellow or light pink. There have been rumors about town for several days regarding the alleged embezzlement of large sums by a foreign employe of one of the large foreign banks in another Far Eastern city. It's a dangerous business, this frequent allegation that one race embodies all of the virtues. It is true that there is an almost universal practice of "squeeze" or petty defalcation in China that reaches from the house-servant who demands his five percent from the shopkeepers serving his master's table to the official who receives large commissions on Government contracts, but this is not generally looked upon as dishonesty although public opinion is developing in that regard. We have known cases in the West where janitors and door-men in apartment houses made it extremely uncomforable for retailers who did not "come through" with a commission. And as for honesty of government officials, the West has so surrounded those who handle public funds with bondsmen and other protective devices that it is extremely difficult for the public servant to be anything else than honest. Generally speaking public morals are higher in the West than in the East, but it has not always been so. Business in the West is usually conducted on higher lines than in the East, but it is competition that has forced honesty. Ethical teaching has also had a great influence, but competition has forced honesty because the firm with dishonest employes cannot survive in the struggle for existence. Much of China's trouble in this regard is due to the fact that the Chinese are trying to operate modern westernized forms of business and governmental organization without having adopted the protective devices of the West. And, strange to say, many important Western organizations, governmental as well as commercial, operate in this part of the world in a very loose and inefficient way that places temptation in the way of employes in a manner which would not be permitted at home.

"Trade is Good But Business is Bad—Why?"

BY TOM DOYLE

China's present economic position is such that none of the usual measures of commercial loss and gain suffice to convey a clear idea of exactly what has been taking place, especially during the past six months, during the first half of the current year. Such statistics as are available tell but a part of the story. They give us a very incomplete record of the dimensions of but a part of the total China trade, and they fail utterly in supplying explanations. Numerous observers lay all the blame at the doors of the military rulers of the divided nation and then lean back with an air of satisfaction, the self-complacency of the China "expert" who only too often jumps at conclusions drawn from a scrutiny of the top of an unpleasant heap of troubles, when hard digging would uncover something more nearly approximating the real cause of the undoubted confusion. For a number of years it has been announced with oracular dignity that "trade was good but business was bad." A nice play upon words, that, but hardly adequate in explaining away what a few observers, detatched from the daily scramble of buying and selling, but none the less in intimate contact with the China trade, foreign and domestic alike, have been predicting for several years.

Headed for Economic Stoppage

This prediction consistently made and generally laughed at has been to the effect that China was headed for a condition of economic stoppage. Today the prediction is amended to the effect that that point is not far distant, and, strangely or not, it is not being laughed at as heartily as upon previous occasions. But simply to say "I told you so," is doing no good to the merchant who has lost money and likewise it is not helping the man who has interests, either potential or actual in China to lay plans for the future. An explanation of what has occurred and what is now taking place in the economic structure of this country is badly needed to clear up this most apparent slip toward disaster, whose impelling force is so shrouded in dispute. To cover the subject it is necessary to consider the political factors in their correct relation to economics in China, for it is doubtful if anywhere on earth are the two so inextricably entangled as here, although it has long been realized the world over that modern business and present day politics are tending everywhere to merge, the one into the other. Here in China we have a turmoil. Politics, national and international, are clashing with economic development along lines of modern finance and industrialism. Western religions and philosophies clash with eastern dogmas and faiths. A foreign conception of democracy, transplanted to this Oriental nation has, for reasons variously explained both by China's critics and by her apologists, been perverted into military feudalism which in turn has brought to the ground her single bulwark against disunion her sense of national self-respect which is being trampled in the mud by self-styled leaders whose example is fast being emulated by a nation of disillusioned and disgusted merchants and farmers who have drawn their own natural conclusions from the edifying examples of bandits becoming governors, bloody handed assasins of yesterday the honored ambassadors of today, while honest men grow steadily poorer without hope save the path taken by occupants of the hign seats of government and finance.

Truth Versus Propaganda

Popular conceptions of China, both here and abroad, are fed upon so much misrepresentation, deliberate and otherwise, that at this day for one to speak the unvarnished truth is to draw upon himself the abuse of dozens of writers who have either seen and been deceived, or who, seeing, have chosen to tell downright lies. A man who goes to Canton and returns to tell the American public that all is well in that plague-stricken nest of Communism is a liar or a fool. The journalist or official who tells the world at large that there is nothing fundamentally wrong with the China trade is guilty of deliberate misrepresentation, probably to keep in the good graces of an element whose livelihood depends upon the perpetuation of blind ignorance of actual conditions in this country. But even among this element, responsible as it is for a total lack of understanding of China's problems, there is today an undercurrent of uncertainty, a feeling of suppressed regret that their pictures have been given quite the roseate tints they bear. The trouble with the majority of honest writers who have attempted to tell of China's sorrows has been their restricted points of view. It is all very well to attach extreme importance to the antics of Feng Yu-hsiang and his Russian friends. It is fitting that Chang Tso-lin and Wu Pei-fu should be taken seriously in their present martial alliance. Canton's Bolshevised chaos cannot be too strongly condemned. The unrestrained passions of thousands of Chinese students, anxious to do something for their country, and usually doing it all wrong under corrupt leadership, are a problem which has not yet been solved and likely enough will not be concluded for years. Some people claim, no doubt with perfect sincerity, that nothing ails China save that she needs to adopt Christianity while another equally rabid school of thought lay blame for all her troubles at the doors of the missionaries' doors. In all probability there is a lot of truth in every one of such statemnets. But these are nothing contributory to an influence which has permeated Chinese life from high to low in the past decade or so, and which has been and is the deciding factor to what is fast becoming a very present actuality, namely, economic chaos and a return to the agricultural stage of development in which China was found when the first foreign ships reached her shores.

Domestic Trade Is the Thing

In considering China's trade the usual writer ignores the existence of a domestic trade which is far and away the more important of the twain made by the foreign and domestic commerce of the country. The fact of statistics being available for the foreign trade, while the wily order of likin farmers have not the slightest intention of making known, even one to another, the extent of their gains, makes it comparatively simple to discuss China's trade from the basis established by Customs returns, and easy to forget that these statistics pay but scant heed to the daily buying and selling that is constantly going on among four hundred million people, a goodly share of whom are untouched by the Maritime Customs. China's foreign trade is important. It is becoming more and more so each year, in the intricate scheme of business organization, but the foreign trade is not the trade of China by a long way. This country has not yet developed industrialism and internationa trade to a sufficient degree for it to be indispensable to its wellfare. There is absolutely no doubt but that China could retire within her ancient wall of isolation, drop all foreign trade contacts, drive out all her foreign residents, and become, at no great amount of sacrifice to any single one of her tremendous population, as selfsufficient as was the case before the foreign devil entered Canton. That is to say, it could be done in the event of political conditions being restored to their former balance, with a central government functioning the length and breadth of the land to keep the domestic trade routes open, and that is where trade, foreign and domestic alike are suffering today, the latter as much or more than the former.

Many Districts Demoralized

In countries afflicted with a system of military politics it is not uncommon for certain districts to become completely demoralized for a period of election by arms. But even in the countries of Latin America where bullets are prone to serve as ballots, there seem to be certain conventions regarding the limitation of areas to be devastated and the extent to which economic turmoil may be allowed to proceed. In considering China, on the other hand, we find, on studying the map, that no certain area is much worse off than another. In fact, a flat drab would be a fitting tint for the entire sheet. Commencing with Manchuria, where skillful publicity has given the outside world to understand that things were well, where an aura of romance has been thrown about the doings of a military despot and his "Crown Prince," a very casual survey of conditions brings disillusionament. Paper money by the ton is in forced circulation, depreciated to a point where it is nearly impossible to use it as a medium of exchange. Southern Manchuria, within and near the zone of the Japanese-owned South Manchurian Railway is an effective smoke screen for the balance, the major part of the country. The Japanese have order; they have justice in their zone. Nearby Chinese territories have to have at least a semblance of good government lest the comparison become too odious. But go into the country. Banditry is as rife in Manchuria as in any other part of a robber infested country. Justice is administered there as elsewhere, to the highest bidder. Harbin and its scandals stink to Heaven in the midst of a country full of noxious scandals. Stories of bribery in connection with the Chinese Eastern Railway negotiations, of a fortune made by a Chinese whose name has always been held in high repute abroad and at home are too rife to be

without foundation. Taxes are levied upon every conceivable article and none of the monies squeezed out of a poverty ridden people ever find their way back to the payers in public improvement, not even in police protection. Trim, well disciplined troops at Mukden, part of the camouflage for fool foreigners, become dirty, armed gangs off the paths tread by tourists and investigators. Foreigners have been so abused in Northern Manchuria since the Russians gave up their extra-territorial rights that even a Soviet Minister pauses in his mouthings of brotherly love and sympathy for the national aspirations of a gang of half educated hoodlums, to suggest that after all, a Mixed Court for Russians might be considered during this era of transition. Insults to foreigners, men and women alike and regardles of nationality are too common in these days to make it worth while to even complain, and as far as getting justice against a defaulting Chinese goes, anyone in Manchuria can tell you that it is a waste of time and money to try.

The Metropolitan District

Coming down into Chihli, the Metropolitan Province, you have Tientsin paralyzed due to the occupation of the entire province and its adjoining hinterlands by rival armies whose comings and going across the country were likened the other day by a Chinese government official to the passage of swarms of locusts. With bumper crops in the greater part of this fertile province the countryside faces another season of famine, so clean are the armies sweeping. Like its neighbor, Shantung, courts have ceased not only to function but to exist. The merchants who manage to do a little business are those who have thrown in their lot with the military and have protection. In Kalgan, where foreign firms have in recent years been getting a foothold, where direct trade in everything but actual invoicing has been carried on with New York with a tremendous increase in the population and prosperity of the city, the Christian General has driven out every foreign trader with the exception of one canny German who managed to take the pious crusader into partnership, apparently to their mutual profit and satisfaction. At any rate the other foreigners have left and the German did business up to the time the rail route to Tientsin was cut by the so-called allied armies. Kalgan has for years been an open port, where foreigners had the right of residence and trade and where two consuls resided. Feng showed the extent of his regard for treaty obligations, for legal obligations of all kinds in fact, by telling the foreigners to clear out or be cleared out. Plain spoken anyhow, that kind of diplomacy, and of some virtue in that it left no doubts in the minds of his auditors as to his exact meaning and intentions.

The Five Southeastern Provinces

Now come straight down the coast to where the domain of the Five Provinces, Anhui, Kiangsu, Chekiang, Fukien and Kiangsi commences and have a look about. Illegal taxes are legion, that is, illegal in that they are founded on the whim of a military ruler and have no backing of authority from the people taxed, and furthermore, are often as not in direct contravention of solemn treaty obligations. At Shanghai Chinese police are trespassing upon Municipal roads, placed there in the hope apparently of provoking a second Nanking Road incident for the enrichment of somebody's bank account. New officials scratch about to devise new means of extorting funds from an unwilling public, who, despite their hate of foreignersship their movable property and all their funds into the safety of the settlements. While agitations continue against foreign administration of justice, the very merchants who chafe at foreign judges in a Mixed Court hasten thence rather than to the native courts when in litigation. The trade of the port of Shanghai is on the increase yet, but that increase is more apparent than real and will be touched upon later. In the interior the people are all infected with an apathy, a sense of discouragement, of disillusionment, for despite his assurances of good government their taxes increase and now with a new war in Kiangsi on his hands and prospects of another row on the Shantung frontier, their governor will have to be financed as usual. Money will not leave Shanghai under such conditions. The interior needs money, it needs merchandise, and so long as this war upon war condition continues the Five Provinces will continue to languish.

Still Worse Up The Yangtsze

Up the Yangtze River things are worse, by far. Hankow reports more than a falling off in trade. From impartial observers the reports are all alike. Hankow's hinterland is in a condition of present anarchy. Such a thing as government has become a myth. A semblance of control remains about every yamen which houses an officer of the rank of colonel, but these petty feudal nomads move their grounds too often to do more than make one clean sweep after another. The oil and tobacco companies are not given to maidenly hysteria. When they move there is reason behind their action. The fact of the oil men being withdrawn from most of the interior points in the districts about Hankow is evidence enough of an intolerable condition of affairs. These foreigners were withdrawn because the hardest-headed executives in China declared the country unsafe for foreign residence.

In Honan, Shensi and Kansu it is considered that conditions have gotten to a worse state than in any other one section of the country, not even excluding Canton. In these provinces the eventual end of the whole country is well forecasted, for it is here that the inability of military commanders to maintain a grip on their hordes is best exemplified. The treachery toward superiors by subordinate officers which has been so much discussed since Feng Yu-hsiang turned on Wu Pei-fu, and Kuo Sung-ling nearly succeeded in anihilating Chang Tso-lin, the man who made him out of nothing, has infected the so-called armies of Honan, Shensi and Kansu to the extent of turning the three provinces into lairs of myriad robber chieftains, sometimes to be found in loose combination against a common foe, but always out for one thing, frankly and unashamed, money. The chances are that were it possible to get an honest expression from these throwbacks to feudalism they would all confess their one ambition to be to make enough money to enable them to retire in comfort at Shanghai, under the protection of foreign gunboats and policemen. With a country in the absolute clutches of a gang of that sort there can be little chance of anything but utter stagnation. In Szechuen, a province famed for wealth and natural resources, the opium poppy has supplanted rice as the principal product.

Foreign and Domestic Trade Similar

Foreign trade and domestic are practically one and the same thing, with the exception of narcotics, and even in the case of the latter, every foreign ship on the river between Suifu and Hankow is carrying opium with the knowledge and unwilling consent of its owners who are between the cross fires of suspending operation or of bowing to bandit tactics. "Pidgin cargo", as unmanifested cargo is termed on that run is openly charged and discharged and actually pays duty, at every port above Ichang, the wonder being the temperance of the military and their friends in allowing the owners to ship enough revenue producing freight to enable them to maintain the service., for in this country it is really unusual to find officials who will refrain from killing the geese that lay their goldeneggs for them.

Taxed Ten Years In Advance

In Fukien a similar situation exists. The people are paying land taxes ten years in advance, taking receipts which they know will be dishonored by the cutthroats who succeed the present incumbents of positions of authority. Opium is cultivated within view of the walls of every treaty port. Student and communist disorders, to the pecuniary advantage of the instigators and nobody else are rife the countryside over, while back in the hills, the ranks of bona fide bandits, driven to the profession of Dick Turpin by sheer starvation, continue to increase. The boycott at Swatow, with its concurrent seizure of mission properties is a reflection of like conditions in Kwangtung whose shame is public property throughout the world. Yunnan and Kweichow are in no better shape than are their neighbors. Shansi, a model province a few years ago is now tarred out of the same bucket of military pitch, while Mongolia, thanks to Chinese stupidity, avarice and a complete lack of national and personal honor on the part of Sino-Russian negotiators appointed by Peking, has been appropriated by the self-same Bolsheviks who drool of fraternal love for China, although in this latter case it must be admitted that however bad the Russians may be they cannot by any chance make a worse mess of Mongolia than did the Chinese.

Tales Of Anti-Foreignism

From every section of China come tales of anti-foreign feeling and gestures. A missionary is murdered in broad daylight at Chengtu in far-away Szechuen. A missionary is maltreated in Anhui. An oil man is wantonly butchered in Kwangtung. Harbin's cess pool jails are full of unhappy Russians. A Polish subject is jailed without cause at Tsingtau, and kept there. Foreigners at Peking are a source of uneasiness to the commander of the combined Legation guards. At Shanghai the Chinese authorities are itching to provoke a clash of arms. Defaulting agents of foreign firms here have become so commonplace as to provoke no comment. Justice can be bought in one court but cannot be enforced beyond its jurisdiction without a repitition of the time honored game of grease the palm. Consular officers are insulted

under the guns of their own warships by officials secure in the knowledge that for some unaccountable reason they will be allowed to get away with it. Salt Revenues, pledged for the service of loans, are collected by foreign officials for the use of military chieftains. Laborers hunt for causes to go on strikes and destroy property. Good manners are no longer the order of the day between Chinese, to say nothing of the kind of treatment accorded foreigners. Good faith is nothing today. From top to bottom the nation is saturated with suspicion and treachery. The general fears his colonels, the colonels their majors and the latter their men. The master is afraid of his servants, the servants do their best to squeeze him dry before he can salt away enough silver in a foreign bank to retire gracefully from the scene of conflict. The foreign merchant is attempting to do a hand to mouth, cash on delivery business within the confines of a treaty port, and his dealers and buyers who ought to be scattered to the four corners of the country are likewise huddled together under the shadow of foreign flags. Even the missionary element which has been so vociferous in explaining away every attempt to accurately portray conditions as they are, not as they ought to be, is getting cold feet, it being openly stated by a lot of them in Shantung for instance, that when China gets complete control of foreign lives and property they close their missions and go home. The chances are that all of them will. It is to be hoped that at least they will get out of the country before they get themselves killed and force an armed intervention that is likely to lead to anything but a happy end for its participants. This is a generalization, but it is not overdrawn. It leads up to the question in point, the condition of trade.

Exports To U. S. A.

Unfortunately, the Maritime Customs fails to total up its figures for the first half of each year, so that the only statistical measure of the China trade available today is the summary given out by the American authorities concerning exports to the United States. The figures for the period ending June 30, 1926, are now at hand and from them it is possible to get some idea at least of the condition of all branches of commerce, for factors affecting exports to one country will have bearing, direct or indirect, upon the trade as a whole. At Shanghai there is shown an increase of something over two million gold dollars in the trade. To the casual observer this is all very gratifying. It points to the marvellous development of Shanghai as the super-port of the Far East. It proves assertions to the effect that all China can go to the devil and still have no ill effect upon Shanghai which is supposed to be something apart from the rest of the country, autonomous in trade as in government. Closer scrutiny, however, brings out an entirely different set of facts. We find that the increase shown could be entirely attributed to silk, a large part of which was transhipment cargo from Canton whence foreign ships have shown a dislike of going since Bolshevik agitators discovered the extent of revenue to be squeezed out of shipping. Further, another large part of the silk which went to the United States in excess of previous years made that journey because of the depreciation of European currencies which made possible the entry of the United States into the China silk market on a scale previously unknown. So that the effect of this increase upon the China trade is about nil and the chances are that when statistics are available for the whole trade it will be found that there has been a drop even in this line. The only other increase of note was in furs, fur-skins and skins for the manufacture of vici kid which has come back into popularity as women's footwear. Going through the rest of the trade schedule there is no cause for self-congratulation of the part of an export trader, nor anyone else connected with the China trade. It is a tale of losses, or of gains too small to offset the general run of losses. This is the condition at Shanghai as shown by statistics covering but one country's trade from here. Information that is reliable is to the effect that Tientsin is showing a loss of some thirteen million gold dollars in its trade to America for the same period and that Canton and Hankow between them will account for about eight million more. Add to these figures the probable totals of several smaller shipping ports and you have a fair measure of economic conditions for the same causes which have conspired to keep exports from moving will certainly have contributed to a similar inactivity in import lines and in domestic trade as well.

The Shortage Of Supplies

Shanghai's trade losses in the export field are due to shortage of supplies. This in turn is due to its being impossible to move cargo were it is being produced, and it is an actual fact at present that in many sections the Chinese have tired of raising produce to rot for lack of a market and have gone back to a hand to mouth existence, raising enough to eat and to clothe themselves only, secure in the fact that non-possession of wealth means practical immunity from military extortion at any rate. There used to be a good hide and skin business here in cargo originating in the Yangtze Valley. It is a thing of the past now. The farmers simply stopped raising cattle and buffalo. It did'nt pay for they either lost their profits in taxes squeezed out of them at the point of a bayonet or saw their property rot in storage for lack of transportion. In a hundred and one different lines of export trade the same condition of affairs exists. Where there is cargo it cannot be moved. In some instances it might be possible to move it by paying enough, but this in turn presupposes sending men into the interior to organize the trade, native buyers who must be entrusted with large sums of money. So unhappy have been the experiences of buyers attempting this sort of thing in the last year or two that they refusse to consider advancing funds to buyers today. It is better to take what little cargo that offers itself in Shanghai and make at least a small profit than to gamble on the chances of getting back funds from a Chinese gone "Ningpo more far."

Paralysis Everywhere

Canton's grief is well known to the world, stripped of its trimmings of so-called patriotism which has managed to beggar a whole province and half of another to the vast enrichment of a few. Tientsin has been cut off from its base of export supply for months by the performances of a succession of generals who have been unable to trust each other long enough to break a complete deadlock. Kansu wool is lying all along the road from Ninghsiafu to the head of the Suiyuan Railway. There is no use in shipping it for it cannot get through the war zone to tidewater. The same applies to Mongolian furs, a most important item in Tientsin's trade, and likewise it applies to the goat and sheepskins from Honan and Shensi which should have come from Shuntefu. The railways are not only blocked by troops, but they are denuded of rolling stock. Motive power is fast becoming non-existent and it is no stretch of imagination to predict that unless the military call a halt long enough to allow the railway engineers to repair a few locomotives and bridges they will all shortly be on foot.

Chinese industrial undertakings in the interior are daily becoming fewer, A combination of looting by local authorities and milking by managements infected with the idea of getting rich and retiring to a treaty port has spelled the ruin of practically every Chinese enterprise which has been attempted during the past decade. A nation of small shopkeepers is fast becoming a nation of small shops with empty shelves for merchants are refusing to risk their capital in merchandise which may be grabbed by any petty official who has a handfull of soldiers with which to split his loot. Foreign piece goods men have a tale of woe to relate. Were it possible to get a straightforward expression of opinion from a Chinese merchant engaged in supplying upcountry dealers with the hundreds of articles of daily necessity which are entirely Chinese in the origin and use, it is highly probable that the piece goods men would be looked down upon as being ultra-conservative. In a country where a farmer has to pay taxes ten years in advance to an official who forces him to raise opium poppies upon which he has an additional tax to pay, and then to sell his product of raw opium to him at a price fixed by that self-same official, a mere stoppage of a piece goods trade is a mere incident. The fact of cigarettes which after all is said and done are a luxury without which the country could get on quite well, having to pay outrageous and repeated likin taxes in getting from point to point is nothing in a country where rice, the staff of life, is taxed to a point where long suffering Pootung housewives will defy the military police and raid the shops owned by their own chief official and police chief to get food to feed their children.

The Harassed Businessman

The whole sentiment of the country is a combination of discouragement and demoralization. From the fall of the empire up to within a couple of years the business element in the population has managed to carry on under the momentun accumulated in the course of centuries of operation and evolution of a system of commercial practice in which government had but little active participation but a great deal of influence in that there was always a strong and deciding authority in extreme cases which got beyond the means of the guilds and chambers of commerce which took the place of courts of commerce, their by-laws serving as commercial codes. These centuries of development brought into being a strict standard of business morality. There was a time, not long ago either, when "a Chinaman's word was as good as his bond." That day is past. It is not a nice thing to say, but it is truth that not only has the value of the Chinaman's

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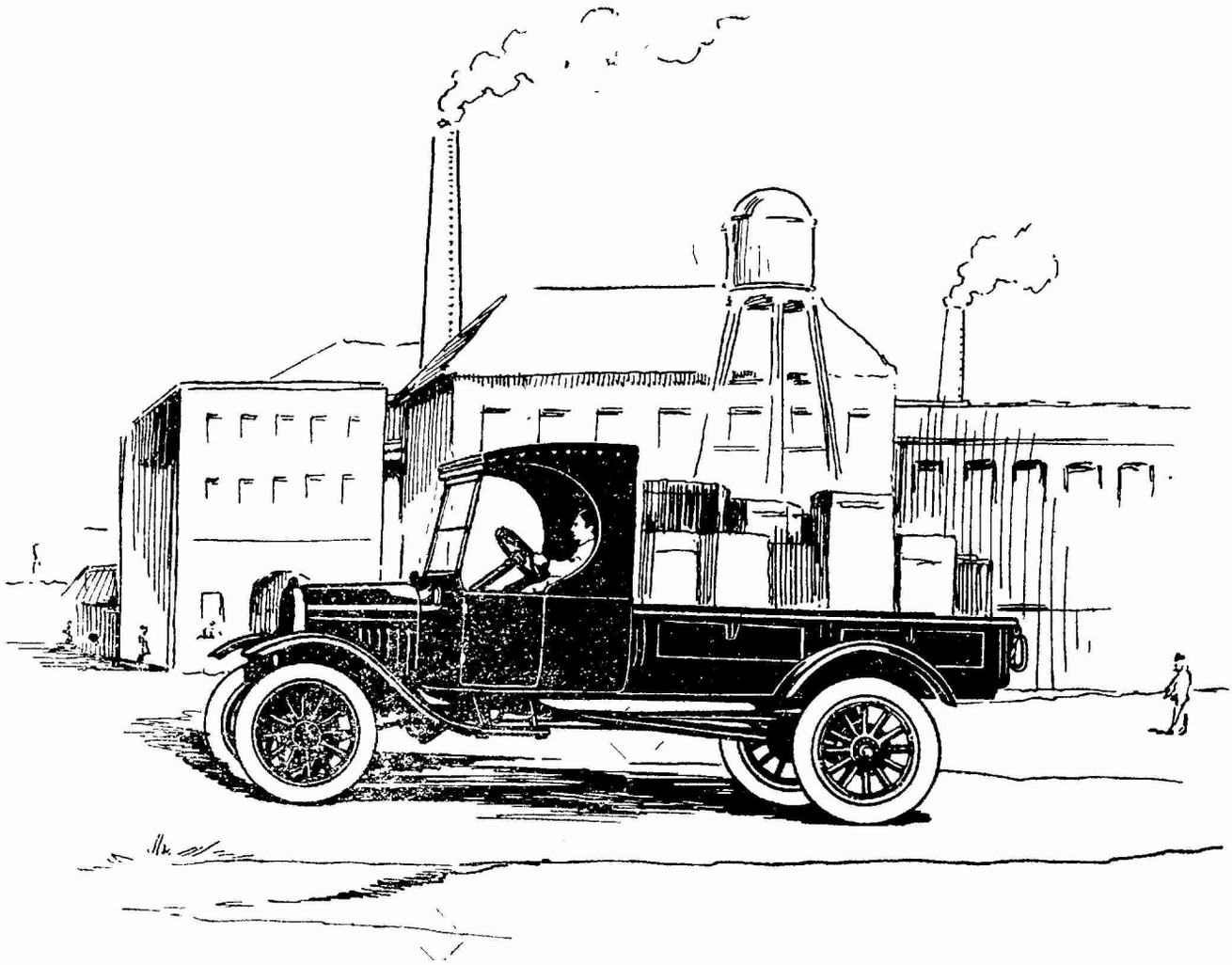

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word depreciated to next to nothing but his bond has but very little market value today. Nor can the Chinese be unduly censored for this breakdown of ancient ideals. A nation which has been as thoroughly looted for a period of going on fifteen years as has China cannot be far from a crash. When honest merchants see their fortunes growing daily smaller in helping those of corrupt officials and their sattelites to grow, it is small wonder that they too long for the robe and staff of authority. When an honest dealer goes into bankruptcy in a vain attempt to save face and fulfill his contract to supply a Tientsin exporter with cotton while a score of dishonest mercantile adventurers laugh at contracts, and, backed by the ex-coolie governor of the district, defy all attempts on the part of foreign authorities to enforce payment and loll about in limousines purchased at the expense of defrauded foreigners, it cannot be considered remarkable that he in turn goes crooked or else, if he can save anything, gets into a settlement and buys land which is going to be protected by a foreign policeman, backed by a gunboat if necessary.

The "Dry-rot" of Politics

The state of affars thus engendered is not the result of anti-foreign agitation. It is not a movement directed at anything. It is the result of a complete dry rot in the body politic of the Chinese nation released from all restraint of government A Chinese code is in no way different from a Christian code of morals under which Western governments are supposed to be operated. Take away the policeman's stick in any New England village for a few days and see how deep the doctrine of Christianity has penetrated. Boston had a policeman's strike which made President Coolidge famous and showed up that respectable municipality for exactly what China had become on a much larger scale, a mob of decent people terrorized and demoralized by a vicious minority and unable to get out of the scrape without outside help, in that case a militia of Yankee farmers. In the present instance on this side of the world the militia seems to be lacking. What the political outcome will eventually be is something to be discussed elsewhere than in this article. The economic future has been indicated. Unless China takes a very sudden about-face and readjusts her affairs within a very few months it is not exaggerating the handwriting on the wall to predict that the downward trend in trade, indicated in the graphic charts of the Maritime Customs for 1925, will show a drop in 1926 which will be all out of propertion to previous increases. An author wrote of China at the crossroads. He might better have written of China on the edge of a precipice.

July 17,1926

Foreign Legal Fraternity Protests Mixed Court Agreement

Following the approval of the revised agreement on the rendition of the Mixed Court at Shanghai as outlined in last week's *Review*, Dr. V.K. Ting, mayor of the Shanghai area and Hsu Yuan, Commissioner of Foreign Affairs, each paid hurried visits this week to Nanking to confer with Marshal Sun Chuan-fang and Civil Governor Chen Tao-yi, reporting to them the final result of the negotiations with the Consular Body in Shanghai and the full particulars concerning the agreement. As the matter now stands the agreement pends the ratification of the Chinese authorities in Nanking and the Diplomatic Body in Peking. The Foreign practising lawyers of Shanghai have named a committee of five to proceed to Peking in order to discuss the question with the Diplomatic Corps. The agreement, which was published in the Shanghai papers, has met a storm of protest from the American Far Eastern Bar Asfociation, which organization contends that the agreement hands aver the Mixed Court to Chinese authority under conditions which are beleived to be unfavorable to the foreign residents of Shanghai.

Following the publication of protest by the American Far Eastern Bar Association, the Shanghai Chinese Bar Association issued a manifesto criticising the actions of that body. Many Chinese public bodies, including the Chinese General Chamber of Commerce, the Shanghai Students' Union, the Federation of Kiangsu Provincial Public Organizations, held meetings and issued telegrams, condeming the action taken by the foreign lawyers in connection with the Mixed Court issue as unreasonable and unbecoming men of the legal profession and urging the Chinese authorities to proceed without regard to their agitations.

Power and Politics of the Chinese Chamber

The following interesting account of the inside politics of the Chinese General Chamber of Commerce, was written by a Shanghai Correspondent and appeared in the Japan Advertiser on June 20. The article is of timely interest owing to the refusal of Mr. Fu Siao-en, newly elected Chairman, to assume office.

THE Chinese General Chamber of Shanghai is going through its usual biennial quarrel over the election of the Directorate. The quarrel would be unimportant, except locally, were it not that the Shanghai Chamber is the wealthiest and most powerful in China and represents the keenest financial, commercial and industrial minds of the country. Yet, not an election has taken place in years without its fight, its accusations of crookedness and its appeal to Peking for a final decision.

For many years, previous to 1920, a clique of Shanghai compradores controlled the Chamber and managed its affairs largely to suit the development of their interests. In China, a Chamber of Commerce is an official institution, which functions governmentally in many respects. For instance, the decisons of its arbitrations have the force of law; it is called upon by the Government to make numerous specific investigations, and the results and recommendations are usually accepted. Public funds of various kinds are either collected by the Chamber or are expended under its supervision. For instance, the whole of the 1925 strike fund was expended under the supervision of the Chamber. Whenever special assessments are made by Chinese officials, the Chamber is held responsible for the amount assessed.

In Shanghai, the Chamber is still more powerful, in that it is the principal intermediary between the Chinese people and the foreign and Chinese officials. For instance, when the Shanghai Municipal Council asked three Chinese to serve on its park committee, it requested the Chamber to appoint the members. It is more than probable that the Chamber will eventually supervise the election of the Chinese members of the Shanghai Municipal Council. Members of the Chamber are not required to put up shop security in the Mixed Court, their membership in the Chamber being acknowledged as an assurance of bona fides.

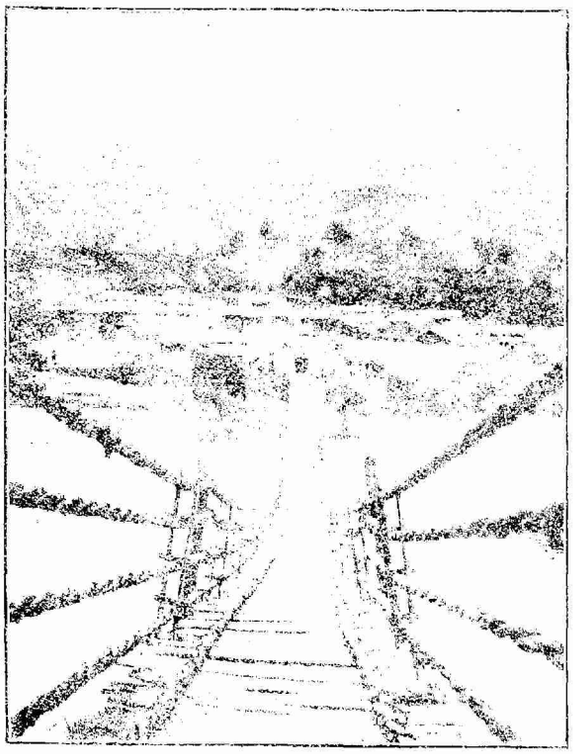
Powerful Institution

It will thus be seen that the Chamber is a powerful institution. In 1919, it consisted of 300 members, mostly guilds and firms, with a few individual members. It was impossible to increase the number, although for many years, there had been demands for such an increase among the rising economic middle class of Shanghai. The Students Movement of 1919 had the immediate effect of lessening the power of the dominent clique, which was accused of being engaged in the smuggling of rice to Japan, a crime in a country which is really facing a shortage in the production of the principal food of the masses. The outcry against the clique was so severe that they retired and the reformers had their inning. Mr. C. C. Nieh, a cotton-mill owner, philanthropist, and at that time, a Christian, was elected Chairman of the Chamber (1920). He immediately introduced a number of reforms, among them being an increased membership. During his two years in office, the Chamber was democratized, younger and modernly trained men were placed in executive positions and the influence of the Chamber was restored.

Two years later, the old clique again struggled for supremacy, but popular opinion was too much for them and Mr. Sung Han-chang, Manager of the Bank of China and one of the most respected Chinese in Shanghai was elected Chairman. Unfortunately Mr. Sung was ill much of the time and factional quarrels detracted from the constructive work of the Chamber. In 1924, Mr. Yu Yah-ching, who recently visited Japan, was elected Chairman.

Leader of the Masses

Mr. Yu holds a unique position in the social life of this city. He is easily the mass leader par excellence. The populace has faith in him. Through all sorts of vicissitudes since 1911 when he turned Shanghai public opionion in favor of the Revolution, Mr. Yu has been able to hold the good will and loyalty of all the confusing and coflicting elements of Chinese society in Shanghai. His success is not easily explained, for Mr. Yu has few of the qualities which make for successful public leadership in this country.



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The fact remains, however, that the public is strong for Yu Ya-ching. Although a Ningpo man, he is not a member of the Clique. The Clique has always fought him perhaps one reason for his popularity. His term of office included the most trying time for the Chamber—strikes, boycotts, the May 30 trouble, civil war, all troubles seemed to have fallen upon China at one time. Yet, Mr. Yu was able to weather these storms without loss of reputation among his own people. Some foreigners, of course, regard him as a scoundrel and a reprobate, but that seldom worries a man of his type. He is not concerned with foreign opinion; yet, will heed the smallest criticism from a tiny Chinese organization.

Mr. Yu stayed out of this year's election. He went to Japan instead. He did not even cast a vote—which is the Chinese way of noting opposition. He knew that the Clique after numerous attempts, would succeed. Many members, 150 of them, abstained from voting. Their idea was that they would make the Clique's victory such a tremendous one that it would be a defeat. This requires some explanation. The Chamber, to be popular and effective, must be fairly representative of all Chinese in the Community. If the Chamber represents only one Clique in the Commnnity, it can play no part in Chinese affairs, under such circumstances. The Chinese find a way of making the Chamber's work ineffective.

Election Is Contested

The Clique nominated a full ticket of 35 names, 26 of whom belonged to the Clique, the remaining 9 included such big names as Yu Yah-ching, etc. The plan was that if all the members of the Chamber voted, not all of the Clique 35 would be elected, so that the trick would not be so apparent. However, 150 opponents of the Clique refrained from voting, which fixed it so that the whole 35 members on the ticket were elected, which made the election ridiculous, as some of the Clique's nominees were office boys and book-keepers, while some of the leading men in Shanghai were defeated. Whereupon, a howl went up all over town and now the election is being contestd.

The major difficulty in the whole business is the fact that Marshal Sun Chuan-fang is a supporter of the Clique. There are numerous outstanding questions, like the possession of the Kiangnan Arsenal, which Marshal Sun would like to have settled according to his own plans. The Clique and Marshal Sun understand each other perfectly. Marshal Sun is handling Shanghai with a double-edged sword. He has organized a modern municipality under the direction of Dr. V. K. Ting, one of the competent modernly educated Chinese. Dr. Ting has outstanding administrative ability and is a man of character. At the same time, he continues old-fashioned Chinese methods under the Taoyin, Mr. Fu Chiang. As long as Marshal Sun employs this double-edged sword, there is going to be trouble in Shanghai; the Chamber of Commerce row is only one example.

"His Last Laugh"

With the success of "Vodavil," the last German film production, at the Carlton Theater, numerous cinema attendants will be glad to hear that "His Last Laugh', starring Emil Jannings, is appearing this week at the Carlton. While Jannings acting in "Vodavil" was intense and powertul a better opportunity is given to study his ability in "His Last Laugh."

The play is a gripping characterization of Jannings. So well produced is this play that sub-titles are almost superfulous; the continuity and action are so well expressed that no verbal aid is needed for pefect understanding.

The picture depicts a true story of life—showing the rise and fall of a human figure. He plays the part of an old doorman in a Berlin Hotel, who, resplendent in a gorgeous uniform, is the grand factor of the establishment, and an exhalted personage in the humble quarter of the city in which he lives with his adoring daughter. He is replaced by a younger man, and stripped of his gold lace and brass buttons is reduced to a mediocre position in the lavatory.

The picture shows him in his glory and then what happens when his grand world crumbles around him, and finally how fate brings him to the top again. A simple tale but full of humanity.

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GENERAL NEWS SUMMARY

July 17—The Finance Committee of the French Chamber rejects the Government's financial proposals, by which financial measures may be taken by decree——Fraudulent ships is discussed by "Rum-running Conference" between British and American delegates——The negotiations for the purchase of the White Star Line has been terminated by mutual consent——Casualties grow in Calcutta religious riots——Mussolini heads collassal state trade union which incorporates labor and capital.

July 18—M. Briand has resigned as Premier of France as a result of a defeat in the Chamber of Deputies——Some anxiety is created in the minds of American couples married at sea and an opinion has been rendered that masters of Government owned vessels ars incompetent to perform marriage ceremonies——A prominent Georgian banker commits suicide as result of bank failure——The Hudson Bay Company enters into arrangement for the exploration and development of the oil rights in Canada ——Troops are daily arriving in Hunan to resist the Canton Northern Expedition.

July 19—A combine is being formed in Lancashire for the

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